

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12480 (LSS)

(Jointly Administered)

Objection Deadline:

April 1, 2025 at 4:00 p.m. (ET)

**SUMMARY OF FIRST COMBINED MONTHLY
FEE STATEMENT OF PETRILLO KLEIN + BOXER LLP AS SPECIAL
COUNSEL TO THE DEBTORS AND DEBTOR IN POSSESSION, FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD FROM NOVEMBER 3, 2024 THROUGH DECEMBER 31, 2024**

Name of Applicant:

Petrillo Klein + Boxer LLP

Authorized to Provide Professional Services to:

Debtors and Debtors in Possession

Date of Retention:

November 3, 2024 (order entered December 17, 2024)

Period for which compensation and reimbursement is sought:

November 3, 2024 – December 31, 2024

The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Amount of Compensation sought as
actual, reasonable and necessary: **\$628,279.50¹**

80% of Compensation sought as actual,
reasonable and necessary: **\$502,623.60**

Amount of Expense Reimbursement sought
as actual, reasonable and necessary: **\$162,386.50**

This is an: X monthly interim final
application

This application includes 4.1 hours and \$3,532.50 in fees incurred in connection with the
preparation of Fee Applications.

Prior applications: None.

¹ Petrillo Klein + Boxer LLP (“**PKB**”) seeks authority to apply the balance of the advanced payment retainer that PKB received on October 22, 2024, in the amount of \$7,260.00, bringing the total fees accrued and unpaid to \$621,019.50.

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FEE STATEMENT OF PETRILLO KLEIN + BOXER LLP AS SPECIAL
COUNSEL TO THE DEBTORS AND DEBTOR IN POSSESSION, FOR
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD FROM NOVEMBER 3, 2024 THROUGH DECEMBER 31, 2024**

Pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and the *Order Establishing Procedures for*

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Interim Compensation and Reimbursement of Expenses of Estate Professionals [D.I. 353] (the “Interim Compensation Order”), Petrillo Klein + Boxer LLP (“PKB”) hereby files this first combined monthly fee statement (this “Monthly Fee Statement”) for allowance of reasonable compensation for professional legal services rendered by PKB in the amount of \$628,279.50 (80% thereof is \$502,623.60), together with reimbursement for actual and necessary expenses incurred in the amount of \$162,386.50, for the period commencing November 3, 2024 through and including December 31, 2024 (the “Fee Period”). PKB seeks authority to apply the balance of the advanced payment retainer that PKB received on October 22, 2024, in the amount of \$7,260.00, bringing the total fees accrued and unpaid to \$621,019.50. In support of this Monthly Fee Statement, PKB respectfully represents as follows:

BACKGROUND

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a voluntary petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On December 17, 2024, the Court entered the *Order Authorizing the Retention and Employment of Petrillo Klein + Boxer LLP as Special Counsel to the Debtors and Debtors in Possession Effective as of the Petition Date* [D.I. 453] (the “PKB Retention Order”) authorizing the retention and employment of PKB as special counsel to the Debtors. The PKB Retention Order authorized the Debtors to compensate PKB on an hourly basis and reimburse PKB for actual and necessary out-of-pocket expenses. All services for which compensation is requested by PKB were performed for or on behalf of the Debtors.

SUMMARY OF SERVICES RENDERED

3. Attached hereto as **Exhibit A** is a detailed statement of fees incurred during the Fee Period, showing the amount of \$628,279.50 due for fees, which reflects the total amount incurred from November 3, 2024 through November 30, 2024 (\$239,872.00), plus the total amount incurred from December 1, 2024 through December 31, 2024 (\$388,407.50).

4. The services rendered by PKB during the Fee Period are grouped into the categories set forth on **Exhibit B**. The attorneys and paralegals who rendered services relating to each category are identified, along with the number of hours for each individual and the total compensation sought for each category, on **Exhibit B**.

EXPENSE REIMBURSEMENT

5. Attached hereto as **Exhibit C** is a summary and detailed statement of expenses incurred by PKB during the Fee Period, showing the amount of \$162,386.50 for reimbursement of expenses.

VALUATION OF SERVICES

7. Attorneys and paraprofessionals of PKB have expended a total of 616 hours in connection with this matter during the Fee Period.

8. The amount of time spent by each of PKB's professionals providing services to the Debtors during the Fee Period is fully set forth in the detail attached hereto as **Exhibit A**. The hourly rates set forth therein are PKB's normal hourly rates of compensation for work of this character. The reasonable value of the services rendered by PKB for the Fee Period as special counsel for the Debtors is \$628,279.50 (80% thereof is \$502,623.60).

9. PKB believes that the time entries included in **Exhibit A** are in compliance with the requirements of Local Rule 2016-1.

10. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (i) the complexity of the chapter 11 cases, (ii) the time expended, (iii) the nature and extent of the services rendered, (iv) the value of such services, and (v) the costs of comparable services other than in a case under chapter 11 of the Bankruptcy Code. In addition, PKB has reviewed the requirements of Local Rule 2016-1 and submits that this Monthly Fee Statement complies with the requirements set forth therein.

WHEREFORE, PKB requests that allowance be made to it in the sum of \$628,279.50 (80% thereof is \$502,623.60) as compensation for necessary professional services rendered to the Debtors for the Fee Period, and the sum of \$162,386.50 for reimbursement of actual and necessary costs and expenses incurred during the Fee Period and further requests such other and further relief as the Court may deem just and proper.

New York, New York
Dated: March 11, 2025

/s/ Joshua Klein
Joshua Klein
PETRILLO KLEIN + BOXER LLP
655 Third Avenue
12th Floor
New York, NY 10017
Telephone: (212) 370-0334

Special Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF COMPLIANCE WITH LOCAL RULE 2016-1

I, Joshua Klein, pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief, after reasonable inquiry, hereby certify that:

1. I am a partner in the applicant firm, Petrillo Klein + Boxer LLP (“PKB”), and have been admitted to the bar of New York since 1994. I am duly authorized to make this certification on behalf of PKB. This certification is made in support of *First Combined Monthly Fee Statement of Petrillo Klein + Boxer LLP as Special Counsel to the Debtors and Debtor in Possession, for Allowance of Compensation and Reimbursement of Expenses for the Period From November 3, 2024 Through December 31, 2024* (the “Monthly Fee Statement”) and in compliance with rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

2. I have personally performed many of the legal services rendered by PKB, as counsel for the Debtors, and am thoroughly familiar with all other work performed on behalf of the Debtors by the lawyers and paraprofessionals in the firm.

3. The facts set forth in the foregoing Monthly Fee Statement are true and correct to the best of my knowledge, information, and belief. Moreover, I have reviewed the requirements of Local Rule 2016-1 and submit that the Monthly Fee Statement complies with such requirements.

Dated: March 11, 2025

/s/ Joshua Klein

Joshua Klein
Special Counsel to the Debtors and Debtors in Possession